iv. Payment terms

v. Technical collaboration etc.

(e) and (f) NOC has been defaulting in the payments since April, 2005 and even after discussion held between IOC and NOC at the highest level, outstanding amount continued to mount. Hence, a cut of 20% was imposed in the supplies with effect from 27.10.2006.

(g) Restoration of full supplies was subsequently agreed subject to NOC making payment of atleast Rs. 15 crores over and above their offtake during the month. This agreement has been implemented since December 2006 as the payments received were higher than the products uplifted. Further, the supplies to NOC have been substantially enhanced during the month of February, 2007 after the restoration of free road movement to and from Nepal. Future supplies to NOC would depend on the timely payments for the supplies drawn.

Models for oil reserves

1597. SHRIMATI N.P. DURGA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether KPMG, a global consultancy firm submitted a report to his Ministry which recommended four options for oil reserves;

(b) if so, the details of the four models proposed by KPMG;

(c) the details of the various models adopted by USA, UK, Japan and other developed countries for their oil reserves;

(d) whether those models have been studied by the Ministry or the oil marketing companies; and

(e) if so, the outcome of such a study?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL) (a) to (e) M/s KPMG has recently conducted a study on various options for developing strategic petroleum reserve for India under public private partnership. The report has found that stock pilling models for strategic storage are not typically based on commercial viability. The four public private partnership models suggested by KPMG are based on revenue generated by:

i. high trading gains or

ii. providing a priority access to the Indian spot crude market or

iii. a levy of cess on petroleum products.

As the cost would be eventually borne by domestic refineries/companies and/or passed on to the consumers in some form, non of the suggested models appear feasible or cost effective.

LPG as a declared good

1598. SHRI JAYANTILAL BAROT: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that LPG has been notified a declared good under the Central Sales Tax Act;

(b) if so, whether the benefit has been passed on to the consumer in respect of LPG cylinder, and

(c) if not, by whom the difference has been retained?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir.

(b) and (c) In the post Administered Pricing Mechanism (APM) era, domestic LPG and PDS Kerosene are partially subsidized by Government from the fiscal budget. Additionally, the oil companies are also bearing huge under-recoveries in marketing domestic LPG. Despite steep increase in the prices of crude oil and petroleum products in the international market, the domestic selling prices of domestic LPG have not been revised since 5/11 /2004. This has resulted in huge under-recoveries to oil companies. The Government has reduced customs and excise duties on domestic LPG to Nil with effect from 1/3/05. Further, in the last Union Budget for 2006-07, domestic LPG has been categorized as "Declared Goods" so that the sales tax levied by State Governments are pegged at 4%. All these steps have been taken to reduce the losses/under-recoveries suffered by PSU oil marketing companies in marketing the subject product.

The subsidies on domestic LPG for the years 2002-03,2003-04,2004-05,2005-06 and 2006-07 (up to Dec'06-estimated) per 14.2 KG domestic LPG cylinder are tabulated below: